Anonymous No. _____

FINAL EXAMINATION
SALES AND LEASES § W
Professor John D. Wladis
~~June~~ 25, 2001
July

General Instructions: Read Carefully!!!!!

1. Write your anonymous number in the place provided at the top of this page.

2. This is a limited open book examination. You may consult during the examination only the following:

   Your Selected Commercial Statutes books.

3. If you wish to leave the room during the examination, you must give your test questions and answer sheet to a proctor before leaving. You may not speak with any member of the class while outside the room.

4. Whenever any U.C.C. subsection contains several alternatives, assume that all relevant jurisdictions have enacted the Second Alternative. Be sure to use Revised 2-502 and 2-716 in the Appendix to Revised Article 9.

5. You have three (3) hours in which to complete the examination.

6. Turn in your copy of this examination with your examination papers at the end of the examination.

Essay I: 29 Points
(Suggested Time: 1 hour)

It was a sad day in Springfield. They were tearing down the old Krustylu Studio, home of the "Krusty the Klown" show. Herschel Krustoffsky ("Krusty") agreed on the telephone to sell to Ned Flanders a stained glass window of the cartoon characters Itchy and Scratchy. Krusty would remove the window from the studio sound lot wall. The phone conversation mentioned only the window and its price ($12,500). Ned was buying the window to resell in his antique store in Shelbyville.

Krusty and Ned exchanged written confirmations after the phone call. Each confirmation was signed by the sender, recited the agreed price, a description of the window and stated, "Seller to ship goods". However, Krusty's confirmation stated, "F.O.B. Springfield" while Flanders confirmation indicated "F.O.B. Shelbyville".

Krusty removed the window from the sound studio wall and carefully boxed it in a sturdy wooden frame. Krusty then hired Gumble Transport to truck the window to Flanders' shop in Shelbyville. Gumble had Otto Busman drive the truck. Otto had a minor accident on the way to Ned's shop and the accident damaged the window. When Otto unloaded the box Flanders heard pieces of glass tinkling in the box and refused to accept delivery. Otto drove back to Springfield with the box and returned it to Krusty.

Krusty had the window repaired for $1500 but Flanders refused to accept it. Krusty then resold the window for the same price that Flanders had agreed to pay for it. Krusty has sued Flanders for the lost profit Krusty would have made on the deal.

What defenses may Flanders raise and with what chances of success?

Essay II: 23 Points
(Suggested Time: 1 hour)

Lucius Snedeker was in the business of buying cotton from farmers and reselling the cotton to cloth manufacturers. By telephone Snedeker agreed to sell 5,000 bales of cotton at $10.50 per bale to Frederick Bean, a manufacturer of 100% cotton fabric for t-shirts, delivery in three months.

Snedeker then sent Bean a signed written confirmation of the deal. By mistake the confirmation showed the sale of only 500 bales. Bean did not notice the mistakes and, thus, did not call it to Snedecker's attention.

Immediately after making the Bean contract Snedeker covered the contract by contracting with Old MacDonald, who had a cotton farm, for 5,000 bales at $7.50 per bale. MacDonald agreed to plant, harvest and gin the cotton and deliver it to Snedeker one week before Snedeker was to deliver to Bean.

MacDonald's farm suffered from a boll weevil infestation that season. As a result MacDonald raised only enough cotton to deliver 100 bales to Snedeker, which Snedeker duly delivered to Bean. Snedeker can obtain cotton at $15.00 per bale in time to deliver to Bean but has declined to do so. Cotton farms have experienced boll weevil infestations in two of the last seven years. The contract between Bean and Snedeker was silent on crop failures.

Snedeker is now insolvent. Bean has sued Snedeker for breach of contract seeking to get the undelivered balance of the goods (4900 bales). What defenses may Snedeker raise and with what chances of success?

END OF EXAM

ENJOY THE REST OF YOUR SUMMER!

Sales - Summer 2001 Anon No. _____

I. MC 12 Q's @ 4 Pts 48 Points

II Essay I Krusty v Flanders 29 pts.

(5) 1. Scope - Art 2 applies - S to remove window 2-107(1)

2. Enforceable K?

(7) a) O+A 2-207 - K on phone ∴ written confirm
- forms agree on shipm by S
" conflict on FOB term ∴ both terms are out 207(2)(c)
Gap fill w Shipment K (2-509, Cmt. 5)

(5) b) S/F - N.G. B's WC satis 2-201(1)

3 Perf?

a) P/E rule? No - No oral agrt on terms outside forms

(7) b) Risk of Loss - Default K is shipment K 2-509(1)(a)
∴ R/L on B during transit

(5) 4. S Rem. - S not entitled to lost profit - window is unique ∴ no possib of second sale if B had perf.
- S gets Cost of resale (~~incl~~ repair cost)

III Essay II Bean v. Snedeker 23 Points

(5) 1. Scope - Art 2 applies to fut. goods 2-105(2)

2. Enforc. K? O+A - Yes

(6) a. S/F - applies - S's signed confirm satis 201(1) but only for 500 bales
- Estoppel? - B rely on the K? discuss

3. Perf.?

(6) S excused? 1. 613? - No - goods not Id'd when K made
2. 615? - weevil infestation foreseeable?
- MP ↑ too great?

(6) 4. B Rem. - B suing for the goods
502? No - Goods not Id'd to K
716 - Specif perf - B unable to cover?
- Replevin - NO - Goods not Id'd to K